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STAFF NOTES:

# Soviet Union Eastern Europe

**Top Secret** 

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January 7, 1975 SC No. 00355/75

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GAMMA ITEM

#### **SOVIET UNION - EASTERN EUROPE**

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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#### Poland Announces Economic Plan for 1975

The economic plan for the new year, recently announced by Prime Minister Jaroszewicz, reflects Warsaw's desire to continue the rapid momentum the economy has maintained over the past four years. Agricultural production is targeted to keep pace with the 5.3 percent average annual growth achieved since 1970. Special emphasis is placed on further increases in livestock and fodder production and on extending sugar beet acreage. Industrial production is to increase by 11.4 percent compared with the 1974 growth rate of 11.1 percent. The most rapid growth is planned for electrical engineering, light industry, chemicals, woodworking, and the extractive industries.

Jaroszewicz attributed the 5 percent increase in the cost of living in 1974 to a poor fruit and vegetable harvest and to selected price increases. In fact, the increase was more likely the result of the high investment rate, rapid wage increases, and substantial rises in import prices. This year the government intends to reduce construction starts and new investment, slow the growth rate of wages, and enact further selective price and tax increases. Jaroszewicz reaffirmed that the price freeze on basic food items would continue through 1975.

The investment plan emphasizes completion of existing projects. Despite the hard line on construction starts, planned investment is nevertheless 20 percent above the 1974 level. New investment, however, will be allowed only in certain specified areas such as housing, education, and health-care facilities.

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Real wages are to increase by 5 percent—a decline from the 7.2 percent average annual growth of the past four years. Jaroszewicz stated that the government will propose a one-year surtax on earnings of high-income individuals but emphasized that wage gains will not be eroded by tax or price increases in 1975. (CONFIDENTIAL)

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